

MEMORANDUM OF MINING LEASE AND ASSIGNMENT AGREEMENT WITH ELECTION TO JOINT VENTURE-OPTION TO PURCHASE

THIS MEMORANDUM is made and entered into between Royal Gold, Inc. a Delaware corporation and its subsidiary Royal Kanaka Creek Corporation, a Delaware corporation, successor in interest to Transwestern Mining Company, a Nevada corporation, (collectively called "OWNER") and Battle Mountain Exploration Company, a Texas corporation ("BMEC").

RECITALS

WHEREAS, Aquarian Mining Exploration, Inc., a Nevada corporation, and D. P. Ward, an individual, as Lessor, and Transwestern Mining Company, a Nevada corporation, as Lessee, entered into a Mining Lease dated October 25, 1986, covering the Kay 1-18 unpatented lode claims situated in section 26, T32N, R49E, MDB&M, Eureka county, Nevada, and hereinafter called the "Aquarian/Ward Lease";

WHEREAS, Transwestern Mining Company located the FLP 1-9 and 20-21 unpatented lode claims situated in section 26, T32N, R49E, MDB&M, Eureka county, Nevada on September 7, 1986, and September 12, 1986, respectively, which claims are subject to the Aquarian/Ward Lease;

WHEREAS, Transwestern Mining Company assigned all its right, title and interest in and to the Aquarian/Ward Lease and the properties covered thereby to Royal Kanaka Creek Corporation by virtue of that certain Assignment of Lease, dated February 24, 1988;

WHEREAS, BMEC desires to acquire an assignment of the properties and leasehold estate described above, a complete description of which is listed below, and Owner wishes to assign all its right, title and interest in and to the properties and leasehold estate (hereinafter collectively called the "Property").

The following unpatented lode mining claims situated in T32N, R49E, MDM, Sections 26 & 34, Eureka County, Nevada.

Claim Name	Book / Page	Serial Number
Kay 1-18	145/438-455	369295-369312
FLP 1-9	152/585-593	386620-386628
FLP 20-21	152/594-595	386629-386630
Bob 43-78	165/560-595	444283-444318

Plus any and all interest in and to any and all additional valid claims now owned or hereinafter acquired by Owner within the above sections during the term of this Agreement.

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) in hand paid to Owner, the receipt and sufficiency of which are hereby acknowledged, and further in consideration of other mutual covenants, agreements and promises, the parties agree as follows:

1) Owner has sold, assigned, transferred, set over and conveyed and does by these presents hereby sell, assign, transfer, set over and convey to BMEC all right, title and interest in and to the Property, subject to the Mining Lease and Assignment Agreement With Election To Joint Venture - Option to Purchase.

2) The Mining Lease and Assignment Agreement With Election To Joint Venture - Option To Purchase contains terms and conditions, all of which are made a part hereof as fully and completely as if herein specifically set out in full.

IN WITNESS WHEREOF, the parties have executed this document as of the 16th day of July, 1990.

BATTLE MOUNTAIN EXPLORATION COMPANY
By *Fred B. Heisbick*
Fred B. Heisbick

OWNER
By *[Signature]*
Title President
Royal Gold, Inc.
By *[Signature]*
Title President
Royal Kanaka Creek Corporation

OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
BOOK 212 PAGE 506

90 AUG 13 AM 1:15
Exploration Co.
EUREKA COUNTY, NEVADA
MIN. REBAL. RECORDER
FILE NO.

133162

BOOK 2 | 2 PAGES 06

Denver County, Colorado

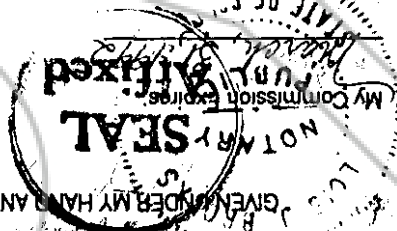
NOTARY PUBLIC, in and for

Judy Wells

GIVEN UNDER MY HAND AND SEAL OF OFFICE, on this the 23 day of July, 1990

BEFORE ME, the undersigned authority, on this day personally appeared Edwin W. Parker, Jr., President of Royal Kanaka Creek Corporation, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated and as the authorized act and deed of said corporation.

STATE OF Colorado)
COUNTY OF Denver)
ss.)



Denver County, Colorado

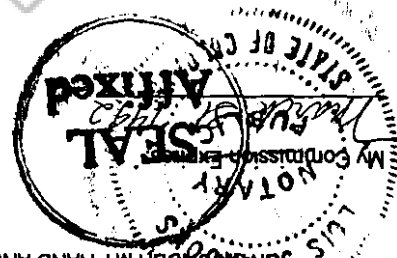
NOTARY PUBLIC, in and for

Judy Wells

GIVEN UNDER MY HAND AND SEAL OF OFFICE, on this the 23 day of July, 1990

BEFORE ME, the undersigned authority, on this day personally appeared Edwin W. Parker, Jr., President of Royal Gold, Inc., a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated and as the authorized act and deed of said corporation.

STATE OF Colorado)
COUNTY OF Denver)
ss.)



Yuma County, Arizona

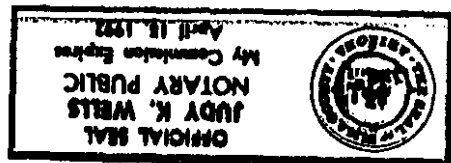
NOTARY PUBLIC, in and for

Judy K. Wells

GIVEN UNDER MY HAND AND SEAL OF OFFICE, on this the 31st day of July, 1990

BEFORE ME, the undersigned authority, on this day personally appeared Fred B. Reibick, Director, Exploration-USA of Battle Mountain Exploration Company, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated and as the authorized act and deed of said corporation.

STATE OF ARIZONA)
COUNTY OF PIMA)
ss.)



My Commission Expires: 4/18/92